

SCOTT COUNTY DECATEGORIZATION PROGRAM

Independent Auditor's Reports
Basic Financial Statements
Supplementary Information
Schedule of Findings

June 30, 2013

SCOTT COUNTY DECATEGORIZATION PROGRAM

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Independent Auditor's Report

The Executive Committee
Scott County Decategorization Program:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County Decategorization Program (a Code of Iowa Section 28E Organization), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scott County Decategorization Program as of June 30, 2013, and the respective changes in financial position for the year then ended, in accordance with generally accepted accounting principles accepted in the United States of America.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 4 through 7 and 20 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Scott County Decategorization Program's basic financial statements. The supplementary information included in Schedules 1 through 4 and the accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013 on our consideration of Scott County Decategorization Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County Decategorization Program's internal control over financial reporting and compliance.

Bettendorf, Iowa
November 22, 2013

Gabelmann & Associates, P.C.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

June 30, 2013

Scott County Decategorization Program provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of its financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Program's financial statements.

2013 Financial Highlights

Revenues of Scott County Decategorization Program's governmental activities decreased 3.3%, or approximately \$65,686, from the prior fiscal year. Program expenses of Scott County Decategorization Program's governmental activities decreased 2.7%, or approximately \$53,210, from the prior fiscal year.

Scott County Decategorization Program's net position decreased approximately \$21,218, from June 30, 2012 to June 30, 2013.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Program's financial activities.

Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Scott County Decategorization Program as a whole and present an overall view of the Program's finances.

Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report Scott County Decategorization Program's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements by presenting the Schedule of Revenue and Expenditures – Budget to Actual for Scott County Decategorization Program.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

Using This Annual Report, continued

Other supplementary Information provides detailed information about the individual funds of Scott County Decategorization Program and information that further explains and supports the financial statements.

Reporting Scott County Decategorization Program's Financial Activities

(1) Government-Wide Financial Statements

The statement of net position and the statement of activities report all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents all of the Program's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the Program's net position may serve as a useful indicator of whether the financial position of the Program is improving or deteriorating.

The statement of activities presents information showing how the Program's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

(2) Fund Financial Statements

Governmental funds account for all of the Program's basic services. These focus on how money flows into and out of those funds and the balances at year end that are available for spending. These funds are reported using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The governmental fund financial statements provide a detailed view of the Program's general governmental and special revenue operations. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent by program.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net position.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Current assets	<u>\$1,073,861</u>	<u>\$1,104,606</u>
Liabilities	<u>444,737</u>	<u>454,264</u>
Net assets:		
Restricted	230,304	251,554
Unrestricted	<u>398,820</u>	<u>398,788</u>
Total net position	<u>\$ 629,124</u>	<u>\$ 650,342</u>

The largest portion of the Program's net position was unrestricted. Unrestricted net position are the part of the net position that can be used to finance day-to-day operations.

	<u>Changes in Net Position for the Year Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
State and federal	\$1,819,245	\$1,970,304
Other	<u>87,865</u>	<u>2,492</u>
Total revenues	1,907,110	1,972,796
Expenditures	<u>1,928,328</u>	<u>1,981,538</u>
Decrease in net position	(21,218)	(8,742)
Net position, beginning of year	<u>650,342</u>	<u>659,084</u>
Net position, end of year	<u>\$ 629,124</u>	<u>\$ 650,342</u>

The Program's net position decreased \$21,218 during the year. Revenues decreased \$65,686 over the prior year due to a decrease in the amount of funding received.

The cost of all governmental activities this year was \$1,928,328 compared to \$1,981,538 last year. This was also due to the decrease in the amount of funding expended.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Management's Discussion and Analysis

The Future of Scott County Decategorization Program

- The General fund continues to maintain an adequate balance to leverage cost reimbursement grants. The ECI carryover balances are decreasing. The Medicaid fund continues to have funds available for one time health related projects in Scott County.
- There are concerns that future funding may decrease in ECI funds.
- Decategorization program funds beginning in FY12 were able to carryforward unused funds for two fiscal years allowing programs to be implemented and maintained on a consistent basis as funds can be managed better.
- There continues to be an emphasis on community planning for youth mental health development, preschool access, and home visitation programming.
- Continued increase costs of health insurance benefits could impact affordability.
- Continued collaboration with the Department of Human Services and other community services will occur to maximize community resources.

Contacting the Program's Financial Management

This report is designed to provide readers with a general overview of Scott County Decategorization Program's finances and operating activities. If you have any questions about this report or require additional financial information, contact Molli Nickerson, 600 West Fourth Street, Davenport, Iowa 52801 or by telephone at (563)326-8221.

Molli Nickerson
Decategorization Coordinator

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Net Position

June 30, 2013

Assets:

Cash and cash equivalents	\$ 735,219
Certificates of deposit	269,111
Grants receivable	45,594
Interest receivable	117
Prepaid expenses	<u>23,820</u>
Total assets	<u>1,073,861</u>

Liabilities:

Accounts payable	196,650
Accrued expenses	33,229
Unearned revenue	<u>214,858</u>
Total liabilities	<u>444,737</u>

Net position:

Restricted	230,304
Unrestricted	<u>398,820</u>

Total net position	<u>\$ 629,124</u>
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See accompanying notes to financial statements.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Activities

Year Ended June 30, 2013

Revenue:	
State of Iowa, grant revenue	\$1,819,245
Other	86,358
Interest	<u>1,507</u>
Total revenue	1,907,110
Expenditures	<u>1,928,328</u>
Decrease in net position	(21,218)
Net position, beginning of year	<u>650,342</u>
Net position, end of year	\$ <u>629,124</u>

See accompanying notes to financial statements.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Balance Sheet – Governmental Funds

June 30, 2013

		<u>Special Revenue</u>	
		<u>ECI Funds</u>	
	<u>General Fund</u>	<u>School Ready</u>	<u>Early Childhood</u>
<u>Assets</u>			
Assets:			
Cash and cash equivalents	\$ 45,961	\$ 240,639	\$ 363,066
Certificates of deposit	46,587	-	-
Grants receivable	45,594	-	-
Interest receivable	3	-	-
Prepaid expenses	-	655	23,165
Due from ECI funds	291,188	-	-
Due from Medicaid fund	76,431	-	-
Total assets	<u>\$ 505,764</u>	<u>\$ 241,294</u>	<u>\$ 386,231</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 44,852	\$ 70,500	\$ 79,842
Accrued expenses	33,229	-	-
Unearned revenue	28,863	105,518	80,477
Due to general fund	-	65,276	225,912
Total liabilities	<u>106,944</u>	<u>241,294</u>	<u>386,231</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	-	655	23,165
Restricted for:			
ECI program uses	-	(655)	(23,165)
Medicaid	-	-	-
Unassigned	<u>398,820</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>398,820</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 505,764</u>	<u>\$ 241,294</u>	<u>\$ 386,231</u>

See accompanying notes to financial statements.

Funds

Medicaid <u>Fund</u>	<u>Eliminations</u>	<u>Total</u>
\$ 85,553	\$ -	\$ 735,219
222,524	-	269,111
-	-	45,594
114	-	117
-	-	23,820
-	(291,188)	-
-	(76,431)	-
\$ <u>308,191</u>	\$ <u>(367,619)</u>	\$ <u>1,073,861</u>

\$ 1,456	\$ -	\$ 196,650
-	-	33,229
-	-	214,858
<u>76,431</u>	<u>(367,619)</u>	<u>-</u>
<u>77,887</u>	<u>(367,619)</u>	<u>444,737</u>

-	-	23,820
-	-	(23,820)
230,304	-	230,304
-	-	398,820
<u>230,304</u>	<u>-</u>	<u>629,124</u>
\$ <u>308,191</u>	\$ <u>(367,619)</u>	\$ <u>1,073,861</u>

SCOTT COUNTY DECATEGORIZATION PROGRAM

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2013

	<u>Special Revenue Funds</u>				
	<u>ECI Funds</u>				
	<u>General Fund</u>	<u>School Ready</u>	<u>Early Childhood</u>	<u>Medicaid Fund</u>	<u>Total</u>
Revenue:					
State of Iowa, grant revenue	\$ 203,607	\$1,004,413	\$ 611,225	\$ -	\$1,819,245
Other	86,358	-	-	-	86,358
Interest	<u>31</u>	<u>445</u>	<u>677</u>	<u>354</u>	<u>1,507</u>
Total revenue	289,996	1,004,858	611,902	354	1,907,110
Expenditures	<u>289,964</u>	<u>1,004,858</u>	<u>611,902</u>	<u>21,604</u>	<u>1,928,328</u>
Excess (deficiency) of revenues over (under) expenditures	32	-	-	(21,250)	(21,218)
Fund balance, beginning of year	<u>398,788</u>	<u>-</u>	<u>-</u>	<u>251,554</u>	<u>650,342</u>
Fund balance, end of year	\$ <u>398,820</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>230,304</u>	\$ <u>629,124</u>

See accompanying notes to financial statements.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

June 30, 2013

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Scott County Decategorization Program

Scott County Decategorization Program (the Program) serves as a focal point for collaborative community planning to achieve better outcomes for children 0-21. Goals are advanced, employing key strategies that rely upon effective service coordination, strong public/private partnerships, and braided funding strategies designed to ensure a continuum of health, education, and family support services. Primary funding streams include annual state and federal child welfare and juvenile justice allocations.

The Program provides a formal public entity for ongoing community assessment and implementation of collaborative strategies designed to link children and families to existing services, identify gaps in services, and assist in the development of new programs that will strengthen community capacity to respond to the area's at-risk population.

The Program is governed by a ten member board known as the Executive Committee, which is compromised of representatives from Scott County, Iowa government including the Health Department, Community Services and Administration, the Iowa Department of Human Services, the Office of Juvenile Court Services, the Seventh Judicial District, as well as members of the general public.

Scott County Early Childhood Iowa Board

The goal of Scott County Early Childhood Iowa Board (ECI) is to improve the well being of young children 0-5 and their families, reduce barriers to community efforts and improve the efficiency and effectiveness of local education, health and human services programs. ECI is funded with federal and state block grants.

The Scott County Decategorization Program has a fiscal agent agreement to participate in the ECI Local Area. The Scott County ECI Board consist of a minimum of fifteen members. The Scott County ECI Board shall be composed of persons who have specific experience and knowledge related to one or more area of the following: Health, Education, Human Services, Early Care, Business, Faith, Scott County Decategorization, Parent, Grandparent, or guardian of a child from zero through age five. The remainder of members would be citizen members who are not an elected official or a paid staff member of an agency whose services fall under the plan or purview of the community board either directly or indirectly.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Nature of Organization, continued

Scott County Early Childhood Iowa Board, continued

ECI is required to designate a public entity as fiscal agent to administer grant funds, pursuant to Iowa Code Chapter 28.7. Scott County, Iowa was the previous fiscal agent for the Board, and ECI was reported as an agency fund on the county's financial statements. Effective in fiscal year June 30, 2001, Scott County Decategorization Program was designated as the fiscal agent of ECI.

Summary of Significant Accounting Policies

(a) Reporting Entity

The financial statements of the Program consist of only governmental funds, which include two specific types of funds, general and special revenue. The activity of Scott County Decategorization Program is reported in the general fund. The Scott County ECI Board and the Medicaid Fund are considered special revenue funds. The accounts of the Program are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts.

(b) Basis of Presentation

The financial statements of Scott County Decategorization Program have been prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Program utilizes the accrual method of accounting. Under this method, revenues are recorded when earned and expenditures are recorded when incurred.

(c) Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SCOTT COUNTY DECATORIZATION PROGRAM

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(d) Subsequent Events

In accordance with the Subsequent Events Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, in preparing these financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through November 22, 2013, the date the financial statements were available to be issued.

(e) Cash and Cash Equivalents

The Program includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all liquid debt instruments purchased with an original maturity of three months or less, excluding certificates of deposit, to be cash equivalents.

(f) Certificates of Deposit

The program includes all certificates of deposit regardless of original maturity to be certificates of deposits.

(g) Grants Receivable

Grants receivable are from programs offered by the Program. Management believes that all grants receivable as of June 30, 2013 are fully collectible; therefore, no allowance for doubtful accounts is recorded.

(h) Prepaid Expenses

ECI has advanced funding to a subcontractor for a childcare assistance program for the Early Childhood Program. The amount of the advance at June 30, 2013 of \$22,500 is included with prepaid expenses.

(i) Net Position and Fund Balances

The Statement of Net Position presents the Program's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(i) Net Position and Fund Balances, continued

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding category. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

In the government fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Program's policy is generally to first apply the expenditure toward restricted fund balance and then to unassigned fund balances.

(j) Unearned Revenue and Revenue Recognition

Grants from government, state, and local agencies are accounted for as exchange transactions whereby the revenue is recognized as funds are expended for approved program expenditures, as established by the government, state, and local agencies.

(k) Medicaid Funds

Scott County transferred funds to the Program in June 2000. Scott County had collected these funds from Medicaid and the funds are available for disbursement to other agencies in future periods.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(l) Income Taxes

The Program is organized as an Intergovernmental Agreement under Chapter 28E of the Iowa Code. The Program is exempt from federal income taxes as a political subdivision.

(m) Major Funds

The Program reports the following major governmental funds:

The General Fund is the Program's primary operating fund. It accounts for all financial resources of the Scott County Decategorization Program, except those required to be accounted for in another fund.

The ECI Funds are School Ready and Early Childhood, which are used to account for the activity of the related programs.

The Medicaid Fund is made up of activity from funds disbursed to other agencies.

(2) Concentration of Credit Risk

The Program maintains its cash and cash equivalents and certificates of deposit in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC). Amounts above the FDIC insured amounts in Iowa banks are protected by the State of Iowa under Chapter 12C of the Iowa Code.

The majority of the revenue received is under contract from the Iowa Department of Human Services, the Iowa Department of Management and the Iowa Department of Education.

Revenue from major sources for the year ended June 30, 2013, and the related grants receivable, as of the end of the year, are as follows:

	<u>Revenue</u>	<u>Grants Receivable</u>
State of Iowa:		
Department of Human Services	\$ 203,607	\$ 29,909
Department of Management, Early Childhood Iowa Board	1,615,638	-

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Financial Statements

(3) Grants Receivable

Grants receivable consist of the following at June 30, 2013:

State of Iowa, Department of Human Services	\$29,909
Seventh Judicial District Juvenile Justice System	7,129
Other	<u>8,556</u>
	<u>\$45,594</u>

(4) Fiscal Management

Accounting services for the Program are contracted from Bi-State Regional Commission under a fiscal management agreement.

Under this fiscal management agreement, the General Fund incurred salaries and related fringe benefits costs of \$167,536 and accounting and administrative fees of \$34,425 for the year ended June 30, 2013. At June 30, 2013, the General Fund owed Bi-State Regional Commission \$33,220 for the reimbursement of personnel costs, administrative and accounting fees.

Salaries and related fringe benefits costs of \$107,566 and \$9,525 were incurred by ECI and Medicaid, respectively, and \$21,522 by ECI in accounting fees during the year ended June 30, 2013. At June 30, 2013, ECI and Medicaid owed the General Fund \$291,188 and \$76,431, respectively, for personnel costs, administrative and accounting fees, and payments of contractual services and other expenses.

(5) Early Childhood Iowa Local Area

The Scott County Decategorization Program acts as fiscal agent for the Early Childhood Iowa Local Area, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the Scott County Decategorization Program's financial statements. The following financial data is for the year ended June 30, 2013:

SCOTT COUNTY DECATORIZATION PROGRAM

Notes to Financial Statements

(5) Early Childhood Iowa Local Area, continued

	<u>Early Childhood Iowa Local Area</u>		
	<u>School Ready Fund</u>	<u>Early Childhood Fund</u>	<u>Total</u>
Additions:			
State of Iowa grants:			
Early childhood	\$ -	\$ 588,348	\$ 588,348
Family support and parent education	599,917	-	599,917
Preschool support for low income families	263,407	-	263,407
Quality improvement	72,667	-	72,667
Allocation for administration	30,958	30,966	61,924
Other grant programs	65,684	-	65,684
Total state of Iowa grants	<u>1,032,633</u>	<u>619,314</u>	<u>1,651,947</u>
Interest	<u>445</u>	<u>677</u>	<u>1,122</u>
Total additions	<u>1,033,078</u>	<u>619,991</u>	<u>1,653,069</u>
Deductions:			
Program services:			
Early childhood	-	581,170	581,170
Family support and parent education	599,787	-	599,787
Preschool support for low income families	257,337	-	257,337
Quality improvement	50,484	-	50,484
Other program services	63,635	-	63,635
Total program services	<u>971,243</u>	<u>581,170</u>	<u>1,552,413</u>
Administration	<u>33,615</u>	<u>30,732</u>	<u>64,347</u>
Total deductions	<u>1,004,858</u>	<u>611,902</u>	<u>1,616,760</u>
Net change	28,220	8,089	36,309
Balances (unearned revenue) – beginning of year	<u>77,298</u>	<u>72,388</u>	<u>149,686</u>
Balances (unearned revenue) – end of year	<u>\$ 105,518</u>	<u>\$ 80,477</u>	<u>\$ 185,995</u>

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program
Budget to Actual – All Funds

Required Supplementary Information

Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue:			
State of Iowa, grant revenue	\$ 1,819,245	\$ 2,016,690	\$ (197,445)
Other	86,358	-	86,358
Interest	1,507	-	1,507
Total revenue	<u>1,907,110</u>	<u>2,016,690</u>	<u>(109,580)</u>
Expenditures:			
Contractual services	<u>1,551,127</u>	<u>1,620,548</u>	<u>69,421</u>
Payroll costs:			
Salaries	174,391	175,081	690
Fringe benefits	<u>68,375</u>	<u>67,497</u>	<u>(878)</u>
Total payroll costs	<u>242,766</u>	<u>242,578</u>	<u>(188)</u>
Administration:			
Financial services	55,947	59,110	3,163
Professional fees	14,737	8,000	(6,737)
Travel and meetings	6,186	15,034	8,848
Equipment	-	2,000	2,000
Reference materials	-	250	250
Emergency needs	755	-	(755)
Office expenditures	6,448	10,673	4,225
Membership and dues	515	900	385
Insurance	<u>4,604</u>	<u>5,506</u>	<u>902</u>
Total administration	<u>89,192</u>	<u>101,473</u>	<u>12,281</u>
Other expenditures:			
Family day care inspection:			
Salaries	29,272	31,333	2,061
Fringe benefits	12,587	13,474	887
Travel and meetings	1,288	2,073	785
Office expenditures	1,523	1,211	(312)
Membership and dues	90	-	(90)
Other	<u>483</u>	<u>4,000</u>	<u>3,517</u>
Total other expenditures	<u>45,243</u>	<u>52,091</u>	<u>6,848</u>
Total expenditures	<u>1,928,328</u>	<u>2,016,690</u>	<u>88,362</u>
Deficiency of revenue under expenditures	\$ (<u>21,218</u>)	\$ <u>-</u>	\$ (<u>21,218</u>)

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program Budget to Actual – General Fund

Required Supplementary Information

Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue:			
State of Iowa, grant revenue	\$ 203,607	\$ 259,113	\$ (55,506)
Other	86,358	-	86,358
Interest	31	-	31
Total revenue	<u>289,996</u>	<u>259,113</u>	<u>30,883</u>
Expenditures:			
Contractual services	<u>65,672</u>	<u>26,459</u>	(<u>39,213</u>)
Payroll costs:			
Salaries	121,783	123,037	1,254
Fringe benefits	45,753	45,119	(634)
Total payroll costs	<u>167,536</u>	<u>168,156</u>	<u>620</u>
Administration:			
Financial services	34,425	39,110	4,685
Professional fees	9,720	3,000	(6,720)
Travel and meetings	4,728	10,855	6,127
Equipment	-	1,500	1,500
Reference materials	-	250	250
Emergency needs	755	-	(755)
Office expenditures	4,594	6,338	1,744
Membership and dues	65	400	335
Insurance	2,469	3,045	576
Total administration	<u>56,756</u>	<u>64,498</u>	<u>7,742</u>
Total expenditures	<u>289,964</u>	<u>259,113</u>	(<u>30,851</u>)
Excess of revenue over expenditures	\$ <u>32</u>	\$ <u>-</u>	\$ <u>32</u>

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program Budget to Actual – ECI Funds

Required Supplementary Information

Year Ended June 30, 2013

	<u>School Ready Actual</u>	<u>Early Childhood Actual</u>	<u>Total ECI Funds Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue:					
State of Iowa, grant revenue	\$ 1,004,413	\$ 611,225	\$ 1,615,638	\$ 1,737,203	\$(121,565)
Interest	<u>445</u>	<u>677</u>	<u>1,122</u>	<u>-</u>	<u>1,122</u>
Total revenue	<u>1,004,858</u>	<u>611,902</u>	<u>1,616,760</u>	<u>1,737,203</u>	<u>(120,443)</u>
Expenditures:					
Contractual services	<u>937,449</u>	<u>535,926</u>	<u>1,473,375</u>	<u>1,586,089</u>	<u>112,714</u>
Payroll costs:					
Salaries	35,290	10,658	45,948	43,586	(2,362)
Fringe benefits	<u>15,175</u>	<u>4,583</u>	<u>19,758</u>	<u>18,742</u>	<u>(1,016)</u>
Total payroll costs	<u>50,465</u>	<u>15,241</u>	<u>65,706</u>	<u>62,328</u>	<u>(3,378)</u>
Administration:					
Financial services	11,243	10,279	21,522	20,000	(1,522)
Professional fees	2,621	2,396	5,017	5,000	(17)
Travel and meetings	762	696	1,458	4,000	2,542
Office expenditures	968	886	1,854	4,234	2,380
Membership and dues	235	215	450	500	50
Insurance	1,115	1,020	2,135	2,461	326
Equipment	-	-	-	500	500
Total administration	<u>16,944</u>	<u>15,492</u>	<u>32,436</u>	<u>36,695</u>	<u>4,259</u>
Other expenditures:					
Family day care inspection:					
Salaries	-	29,272	29,272	31,333	2,061
Fringe benefits	-	12,587	12,587	13,474	887
Travel and meetings	-	1,288	1,288	2,073	785
Office expenditures	-	1,523	1,523	1,211	(312)
Membership and dues	-	90	90	-	(90)
Other	-	483	483	4,000	3,517
Total other expenditures	<u>-</u>	<u>45,343</u>	<u>45,243</u>	<u>52,091</u>	<u>6,848</u>
Total expenditures	<u>1,004,858</u>	<u>611,902</u>	<u>1,616,760</u>	<u>1,737,203</u>	<u>120,443</u>
Excess of revenue over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Revenue and Expenditures by Program Budget to Actual – Medicaid Fund

Required Supplementary Information

Year Ended June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue:			
Other	\$ -	\$ 20,374	\$(20,374)
Interest	<u>354</u>	<u>-</u>	<u>354</u>
Total revenue	<u>354</u>	<u>20,374</u>	<u>(20,020)</u>
Expenditures:			
Contractual services	<u>12,080</u>	<u>8,000</u>	<u>(4,080)</u>
Payroll costs:			
Salaries	6,660	8,458	1,798
Fringe benefits	<u>2,864</u>	<u>3,637</u>	<u>773</u>
Total payroll costs	<u>9,524</u>	<u>12,095</u>	<u>2,571</u>
Administration:			
Travel and meetings	-	54	54
Office expenditures	-	100	100
Meeting expense	<u>-</u>	<u>125</u>	<u>125</u>
Total administration costs	<u>-</u>	<u>279</u>	<u>279</u>
Total expenditures	<u>21,604</u>	<u>20,374</u>	<u>(1,230)</u>
Deficiency of revenue under expenditures	\$ <u>(21,250)</u>	\$ <u>-</u>	\$ <u>(21,250)</u>

See accompanying independent auditor's report and notes to required supplementary information – budgetary reporting.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Required Supplementary Information- Budgetary Reporting

Year Ended June 30, 2013

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41.

In accordance with the Code of Iowa, Chapter 28E.5, the Program annually adopts a budget on the accrual basis following a prescribed form. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 1

Schedule of Revenue and Expenditures - Governmental Funds

Year Ended June 30, 2013

	General <u>Fund</u>	ECI <u>Funds</u>	Medicaid <u>Funds</u>	Total Governmental <u>Fund Types</u>
Revenue:				
State of Iowa, grant revenue	\$ 203,607	\$ 1,615,638	\$ -	\$ 1,819,245
Other	86,358	-	-	86,358
Interest	31	1,122	354	1,507
Total revenue	<u>289,996</u>	<u>1,616,760</u>	<u>354</u>	<u>1,907,110</u>
Expenditures:				
Contractual services	<u>65,672</u>	<u>1,473,375</u>	<u>12,080</u>	<u>1,551,127</u>
Payroll costs:				
Salaries	121,783	45,948	6,660	174,391
Fringe benefits	45,753	19,758	2,864	68,375
Total payroll costs	<u>167,536</u>	<u>65,706</u>	<u>9,524</u>	<u>242,766</u>
Administration:				
Financial services	34,425	21,522	-	55,947
Professional fees	9,720	5,017	-	14,737
Travel and meetings	4,728	1,458	-	6,186
Emergency needs	755	-	-	755
Office expenditures	4,594	1,854	-	6,448
Membership and dues	65	450	-	515
Insurance	2,469	2,135	-	4,604
Total administration	<u>56,756</u>	<u>32,436</u>	<u>-</u>	<u>89,192</u>
Other expenditures:				
Family day care inspection:				
Salaries	-	29,272	-	29,272
Fringe benefits	-	12,587	-	12,587
Travel and meetings	-	1,288	-	1,288
Office expenditures	-	1,523	-	1,523
Membership and dues	-	90	-	90
Other	-	483	-	483
Total other expenditures	<u>-</u>	<u>45,243</u>	<u>-</u>	<u>45,243</u>
Total expenditures	<u>289,964</u>	<u>1,616,760</u>	<u>21,604</u>	<u>1,928,328</u>
Excess (deficiency) of revenue over (under) expenditures	\$ <u>32</u>	\$ <u>-</u>	\$ <u>(21,250)</u>	\$ <u>(21,218)</u>

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 2

Schedule of Revenue and Expenditures – General Fund

Year Ended June 30, 2013

	<u>Case Aides</u>	<u>Decategorization Coordination and Support</u>	<u>DHS Community Partners</u>	<u>Other Programs</u>	<u>Total General Fund</u>
Revenue:					
State of Iowa, grant revenue	\$ 41,072	\$143,017	\$ 19,518	\$ -	\$203,607
Other	-	-	-	86,358	86,358
Interest	-	-	-	31	31
Total revenue	<u>41,072</u>	<u>143,017</u>	<u>19,518</u>	<u>86,389</u>	<u>289,996</u>
Expenditures:					
Contractual services	<u>1,475</u>	<u>-</u>	<u>7,412</u>	<u>56,785</u>	<u>65,672</u>
Payroll costs:					
Salaries	27,690	65,505	10,659	17,929	121,783
Fringe benefits	<u>11,907</u>	<u>24,690</u>	<u>1,447</u>	<u>7,709</u>	<u>45,753</u>
Total payroll costs	<u>39,597</u>	<u>90,195</u>	<u>12,106</u>	<u>25,638</u>	<u>167,536</u>
Administration:					
Financial services	-	34,425	-	-	34,425
Professional fees	-	9,720	-	-	9,720
Travel and meetings	-	3,950	-	778	4,728
Emergency needs	-	-	-	755	755
Office expenditures	-	2,193	-	2,401	4,594
Membership dues	-	65	-	-	65
Insurance	-	<u>2,469</u>	-	-	<u>2,469</u>
Total administration	<u>-</u>	<u>52,822</u>	<u>-</u>	<u>3,934</u>	<u>56,756</u>
Total expenditures	<u>41,072</u>	<u>143,017</u>	<u>19,518</u>	<u>86,357</u>	<u>289,964</u>
Excess of revenue over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>32</u>	\$ <u>32</u>

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 3

Schedule of Revenue and Expenditures – ECI Funds

Year Ended June 30, 2013

	<u>School Ready</u>	<u>Early Childhood</u>	<u>Total ECI Funds</u>
Revenue:			
State of Iowa, grant revenue	\$1,004,413	\$ 611,225	\$1,615,638
Interest	<u>445</u>	<u>677</u>	<u>1,122</u>
Total revenue	<u>1,004,858</u>	<u>611,902</u>	<u>1,616,760</u>
Expenditures:			
Contractual services	<u>937,449</u>	<u>535,926</u>	<u>1,473,375</u>
Payroll costs:			
Salaries	35,290	10,658	45,948
Fringe benefits	<u>15,175</u>	<u>4,583</u>	<u>19,758</u>
Total payroll costs	<u>50,465</u>	<u>15,241</u>	<u>65,706</u>
Administration:			
Financial services	11,243	10,279	21,522
Professional fees	2,621	2,396	5,017
Travel and meetings	762	696	1,458
Office expenditures	968	886	1,854
Membership and dues	235	215	450
Insurance	<u>1,115</u>	<u>1,020</u>	<u>2,135</u>
Total administration	<u>16,944</u>	<u>15,492</u>	<u>32,436</u>
Other expenditures:			
Family day care inspection:			
Salaries	-	29,272	29,272
Fringe benefits	-	12,587	12,587
Travel and meetings	-	1,288	1,288
Office expenditures	-	1,523	1,523
Membership and dues	-	90	90
Other	-	483	483
Total other expenditures	<u>-</u>	<u>45,243</u>	<u>45,243</u>
Total expenditures	<u>1,004,858</u>	<u>611,902</u>	<u>1,616,760</u>
Excess of revenue over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule 4

Schedule of Revenue and Expenditures – Medicaid Funds

Year Ended June 30, 2013

	<u>Administration</u>	<u>Enhancement</u>	<u>Total Medicaid Funds</u>
Revenue:			
Interest	\$ <u>-</u>	\$ <u>354</u>	\$ <u>354</u>
Expenditures:			
Contractual services	<u>12,080</u>	<u>-</u>	<u>12,080</u>
Payroll costs:			
Salaries	-	6,660	6,660
Fringe benefits	<u>-</u>	<u>2,864</u>	<u>2,864</u>
Total payroll costs	<u>-</u>	<u>9,524</u>	<u>9,524</u>
Total expenditures	<u>12,080</u>	<u>9,524</u>	<u>21,604</u>
Deficiency of revenue under expenditures	\$ <u>(12,080)</u>	\$ <u>(9,170)</u>	\$ <u>(21,250)</u>

See accompanying independent auditor's report.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program Expenditures
U.S. Department of Health and Human Services/ Passed through Program from State of Iowa/ Child Care and Development Block Grant Cluster	93.575	Early Childhood	\$611,225
Community Based Child Abuse Prevention Grants	93.556	DCFS-08-040-6	<u>14,639</u>
Total U.S. Department of Health and Human Services			<u>625,864</u>
Total federal awards expended			<u>\$625,864</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Scott County Decategorization Program and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

The Executive Committee
Scott County Decategorization Program:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund and the remaining aggregate fund information of Scott County Decategorization Program, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott County Decategorization Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Scott County Decategorization Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Scott County Decategorization Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Scott County Decategorization Program's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County Decategorization Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bettendorf, Iowa
November 22, 2013

Gabelmann & Associates, P.C.

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133

The Executive Committee
Scott County Decategorization Program:

Report on Compliance for Each Major Federal Program

We have audited Scott County Decategorization Program's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Scott County Decategorization Program's major federal programs for the year ended June 30, 2013. Scott County Decategorization Program's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Scott County Decategorization Program's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County Decategorization Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Scott County Decategorization Program's compliance.

Opinion on Each Major Federal Program

In our opinion, Scott County Decategorization Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Scott County Decategorization Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scott County Decategorization Program's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scott County Decategorization Program's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

GABELMANN & ASSOCIATES, P.C.

Certified Public Accountants

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bettendorf, Iowa
November 22, 2013

Gabelmann & Associates, P.C.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Findings

Year ended June 30, 2013

Part I: Summary of Independent Auditor's Results

Financial Statements

- (a) An unmodified opinion was issued on the financial statements.
- (b) The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any significant deficiencies in internal control over financial reporting.
- (d) The audit did not disclose any noncompliance which is material to the financial statements.

Federal Awards

- (a) An unmodified opinion was issued on compliance with requirements applicable to the major federal program.
- (b) The audit did not disclose any material weaknesses in internal control over the major program.
- (c) The audit did not disclose any significant deficiencies in internal control over the major program.
- (d) No audit findings were disclosed that are required to be reported in accordance with OMB Circular A-133 Section .510(a).
- (e) The major program for the June 30, 2013 audit were as follows:

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>
U.S. Department of Health and Human Services/ Pass Through Program from State of Iowa/ Child Care and Development Block Grant	93.575	Early Childhood	<u>\$611,225</u>

- (f) The dollar threshold used to distinguish between Type A and Type B Programs was \$300,000.
- (g) Scott County Decategorization Program qualified as a low risk auditee.

SCOTT COUNTY DECATEGORIZATION PROGRAM

Schedule of Findings

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements

None.

Part III: Findings Related to Compliance with Federal Awards

None.

Part IV: Summary of Prior Findings

None.